

Dealing with debt after the holidays

In the aftermath of the gift-giving season, millions of Americans struggle with how to pay the bills for presents and other expenses related to the holidays. For many, overzealous holiday spending may have pushed them into serious and troublesome financial situations, or aggravated existing indebtedness.

Early signs of dangerous personal financial trends include:

- Not paying bills on time, or juggling which to pay.
- Paying only the minimum on large credit card bills.
- Frequent overdrafts on checking accounts.
- Spending all income with no money going to savings.
- Being denied credit because of a bad credit report.

If one or more of the warning signs applies, consumers might consider the following guidelines for getting back on track:

- Determine exactly where the money is going. Draw up a budget and stick to it.
- When having problems making payments, contact creditors immediately about alternative, more manageable payment plans. Do not wait until the matter has been turned over to a collection agency, which may not be willing to negotiate.
- Check out companies offering debt consolidation loans *carefully*. Exorbitant fees, high interest rates and inflated promises can aggravate debt and credit problems rather than ease them.
- Beware of firms or individuals who offer to “clear up” negative data reported to credit bureaus. If the negative information is

accurate, credit bureaus may report it for at least seven years. Bankruptcies may be reported for 10 years.

- Avoid using credit cards. Pay off balances each month. If debt has accumulated, pay more than the minimum due each month, if possible.

Consumers who fall behind in paying creditors may be contacted by debt collectors. The Federal Fair Debt Collection Practices Act prohibits debt collectors from using harassing, oppressive or abusive tactics when attempting to collect owed money. They cannot use false statements or engage in unfair practices in the performance of their work.

Those who feel they need more help in solving their debt and credit problems might consider contacting the nearest office of the Consumer Credit Counseling Service (CCCS). CCCSs are local, non-profit organizations, providing education and counseling on personal budgeting and the wise use of credit. Services are free or for a reasonable fee.

For the nearest CCCS office,
check the phone book white
pages or call 1-800-388-CCCS
(1-800-388-2227).

For more information or to file
a complaint, contact the
Bureau of Consumer
Protection at:

(800) 422-7128

FAX: (608) 224-4939

TTY: (608) 224-5058

E-MAIL:

datcph hotline@datcp.state.wi.us

WEBSITE:

<http://datcp.state.wi.us/>